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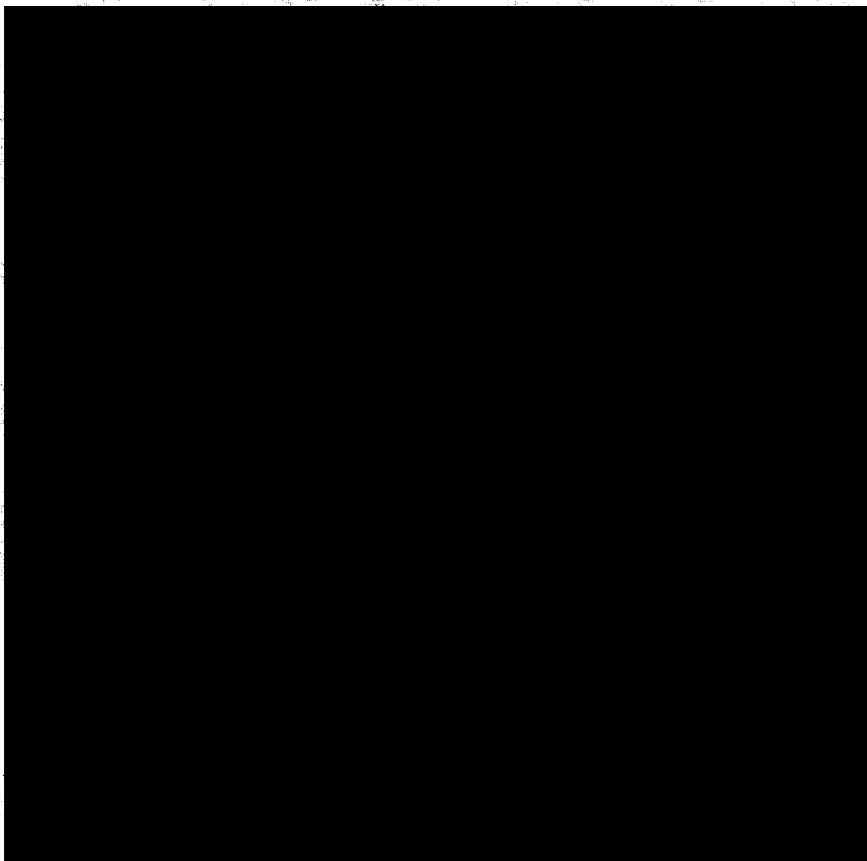
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NSC BRIEFING

22 JULY 1954

INDOCHINA PROSPECTS

- I. With armistice, French may try maintain "presence" in south, to detriment of Vietnamese regime, able rally support nationwide.



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B. French cool toward Diem, fear
his outcries over loss Tonkin may
unsettle truce.

1. Vietnamese at Geneva formally
protested truce terms.
2. Ely says would take strong
action against disorders,
arresting Diem if necessary.
3. Diem already staged antipartition
demonstrations Hanoi, Saigon.
4. Vietnamese warn French repression
"genuine nationalists" likely
force nationalist formation
coalition against France

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II. At best, Vietnam government hard put
challenge Viet Minh in 1956 elections.

A. Diem regime, long on zeal, short
on administrative ability.

B. Problem corruption aggravated by
Bao Dai's continued profits from
corrupt police.

C. Arguments against Viet Minh
(notably issue of Chinese Communist
domination) more than offset by
fear continued French domination
remainder of Vietnam.

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